

**COMMISSIONERS**  
MIKE GLEASON - Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE



Brian C. McNeil  
Executive Director

Direct Line: (602) 542-3935  
Fax: (602) 542-0752  
E-mail [wmundell@azcc.gov](mailto:wmundell@azcc.gov)

**ARIZONA CORPORATION COMMISSION**

April 26, 2007

Mr. Bill Post  
Chairman of the Board and CEO  
Pinnacle West Capital Corporation  
Mail Station 9080  
PO Box 53999  
Phoenix, AZ 85072-3999

Mr. Jack Davis  
President and CEO  
Arizona Public Service Company  
Mail Station 9080  
PO Box 53999  
Phoenix, AZ 85072-3999

Dear Messrs. Post and Davis:

I appreciate Mr. Wheeler's letter providing additional information regarding the indictment of a former APS employee, Mohammad Alavi. While I am relieved to hear that the health and safety of the public were never compromised and at no time was the physical or cyber security of Palo Verde threatened by this incident, I am still deeply concerned about the security measures utilized by APS at the plant.

I would echo the sentiments of my colleagues that a discussion between all the Commissioners and APS on security issues should take place. Presumably, such a discussion would need to be held *in-camera* due to the sensitivity of the information. As you know, the Commission receives confidential information on a regular basis. During my tenure (eight years) on the Commission, confidential information has never been leaked.

Even though I believed legislation was unnecessary, to alleviate your concerns, the Commission worked with your company in the last legislative session to pass legislation that would clearly allow the Commission to confidentially review the security measures of the companies that we regulate. While ultimately no legislation on this issue was ever passed, there was substantial discussion on the nature of penalties and to whom such penalties should apply if any sensitive information was leaked to the public. Ironically, APS vehemently opposed any penalty provision that would have applied to its employees, arguing it was unnecessary because its policies and procedures would prevent unauthorized disclosures.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "W. A. Mundell".

William A. Mundell, Commissioner  
Arizona Corporation Commission

cc: Chairman Gleason  
Commissioner Hatch-Miller  
Commissioner Mayes  
Commissioner Pierce  
Brian McNeil  
Ernest Johnson  
Chris Kempley  
Lyn Farmer  
Heather Murphy  
Steve Wheeler